

Message Text

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FM AMEMBASSY CAIRO

TO USDEL SECRETARY IN PRETORIA FLASH

SECSTATE WASHDC FLASH 7156

S E C R E T CAIRO 12623

EXDIS HANDLE AS NODIS

FOR SECRETARY FROM CHARGE, DEPT FOR ASSTSEC ATHERTON

E.O. 11652: GDS

TAGS: PFOR ENRG US EG IS

SUBJ: TALKS WITH ISRAELIS ON AMOCO

REF: (A) SECTO 27167, (B) CAIRO 12619

1. I HAVE JUST REACHED MINPET HILAL WHO INFORMED ME THAT YESTERDAY HE TOLD ROSS CRAIG OF AMOCO THAT GOE WOULD EXTEND THE TIME LIMIT FOR DRILLING AT SITE 304.1 FOR ONE MONTH AND A HALF IN ORDER NOT TO PENALIZE AMOCO. HILAL REPEATED THAT THE EXTENSION WAS FOR 45 DAYS BEGINNING SEPTEMBER 17 AND SAID THAT IF AMOCO DID NOT BEGIN EXPLORATORY DRILLING BY THAT DATE (OCTOBER 31) AMOCO WOULD LOSE ITS CONCESSION IN THAT BLOCK. HILAL WENT ON TO SAY THAT AS THAT DATE APPROACHED HE WOULD INSTRUCT AMOCO TO MOVE THE MARINER TO SITE 304.1. IF IT AGREED TO DO SO HIS ARRANGEMENTS WITH GENERAL GAMASY WERE THAT EGYPTIAN GUNBOATS WOULD PROTECT THE RIG IF NECESSARY. IF AMOCO REFUSED TO SEND RIG, MINPET WOULD SEND ITS OWN SHIP (UNSPECIFIED) TO THE SITE UNDER ESCORT OF EGYPTIAN GUNBOATS. HILAL SAID THESE PLANS HAD BEEN ARRANGED BETWEEN HIM AND GENERAL GAMASY AND THAT SINCE EGYPTIAN GUNBOATS WILL PROTECT DRILLING OPERATIONS, "FORCE MAJEURE"

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WILL NOT APPLY.

2. HILAL SAID HE HAD TAKEN THIS DECISION TO EXTEND DATE FOR DRILLING ON BASIS THAT MARINER RIG WAS CURRENTLY OCCUPIED IN DOING USEFUL WORK IN JULY FIELD WHICH WOULD KEEP IT BUSY FOR NEXT MONTH AND A HALF. AFTER THAT ITS WORK THERE WILL BE FINISHED AND IT SHOULD MOVE TO FURTHER EXPLORATION OF EXISTING RAMADAN FIELD, AND HE WAS CERTAIN THAT OIL WOULD BE FOUND IN BLOCK 304. THIS OIL WAS IMPORTANT TO EGYPTIAN DEVELOPEMMENT PLANS AND EGYPT WOULD HAVE TO ASSERT ITS RIGHTS TO OBTAIN IT.

3. WITH REGARD TO NEWS THAT DISCUSSIONS IN WASHINGTON HAD NOT RESULTED IN SATISFACTORY SOLUTION, HILAL COMMENTED THAT HE WAS SURE ALL ALONG THAT ISRAELIS SIMPLY STALLING AND THAT NO USEFUL RESULT COULD BE EXPECTED FROM TALKS AT LEVEL OF ISRAELI NEGOTIATORS. HE SAID THAT ONE AND A HALF MONTH EXTENSION OF DEADLINE SHOULD BE SUFFICIENT FOR DECISIVE TALKS BETWEEN SECRETARY AND ALLON. HE SAID HE HOPED SATISFACTORY PRACTICAL AGREEMENT COULD BE WORKED OUT SO AS TO AVOID FURTHER CONFRONTATION WITH ISRAELIS ON THIS ISSUE, WHICH IS OF MAJOR IMPORTANCE TO EGYPT.

4. WHEN I SUBSEQUENTLY REACHED ROSS CRAIG OF AMOCO BY PHONE, HE SAID HE HAD ALREADY LEARNED FROM HIS HEAD OFFICE THAT TALKS WITH ISRAELIS HAD NOT GONE WELL, I ASKED HIM WHAT HE WAS DOING ABOUT SEPTEMBER 21 DEADLINE AND HE RESPONDED HE WAS WORKING ON IT AND WAS HOPEFUL SOMETHING WOULD BE WORKED OUT. HE SAID NOTING ABOUT DISCUSSION WITH HILAL OR 45-DAY EXTENSION REPORTED ABOVE. HE MAY HAVE NOT WANTED TO DISCUSS SUBJECT OVER PHONE, BUT THIS IS NOT FIRST TIME HE HAS BEEN LESS THAN FRANK WITH EMBASSY. I ACCEPT HILAL'S STATEMENTS AS BEING AUTHORITATIVE VERSION OF GOE POSITION.

5. COMMENT: RESULT OF ABOVE IS WE HAVE NEW DEADLINE OF OCTOBER 31 TO WORK OUT
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PRACTIVAL SOLUTION TO PROBLEM. BASED ON DISCUSSIONS WITH FAHMY AND HILAL, I AM AFRAID GOE IS SERIOUS ABOUT TRYING TO CONDUCT OIL EXPLORATION ACTIVITIES UNDER GUNBOAT PROTECTION AFTER THAT DATE.
MATTHEWS

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NNN

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